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## **MEDIA RELEASE**

**FOR IMMEDIATE RELEASE**  
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### **PEIA FINANCE BOARD APPROVES PLAN TO TRANSITION RETIREES**

**CHARLESTON, W.Va.** – The West Virginia Public Employees Insurance Agency (PEIA) Finance Board today announced during an emergency meeting to approve an additional expenditure of \$28 million for Fiscal Year 2010 for Medicare-eligible retired persons covered under PEIA.

Due to federal reductions of Medicare Advantage reimbursement rates, Coventry Health Care, Inc. the state's Medicare fee-for-service provider for approximately 35,000 West Virginia PEIA retirees, presented a much higher than anticipated contract renewal for the state's PEIA program. Because of the federal reduction in the reimbursement rates, Coventry Health Care has elected to exit the fee-for-service Medicare market, effective January 1, 2010.

Medicare-eligible retirees will remain in the Coventry's Advantra Freedom Medicare Advantage Prescription Drug (MAPD) plan from July 1, 2009 to December 31, 2009. There will be no increases to premiums or changes in health or pharmacy benefits to Medicare retirees during this six-month period. The remaining six months of coverage for the fiscal year (January 1, 2010 through June 30, 2010) is not fully determined at this time.

PEIA is currently evaluating its options and gathering information to determine the optimal solution for the affected Medicare retirees and the state of West Virginia. However, the new budget approved by the PEIA Finance Board is expected to cover the expenses necessary to bring these Medicare retirees back under the PEIA PPB plan as a secondary payor to Medicare, should that option prove to be the best solution.

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According to PEIA Director Ted Cheatham, if no viable alternative is available, the Medicare retirees will be returned to PEIA for their health care coverage, effective January 1, 2010. Additionally, due to administrative issues, Cheatham recommended the retirees be returned to the Fiscal Year 2007 levels of coverage, which includes deductibles, co-insurance, and a larger out of pocket maximum. However, in coordination with Medicare, this plan design results in nearly a 100% coverage plan.

In comparison, the Coventry Health Care's MAPD plan included co-payments and co-insurance. To offset this change, retiree premiums were discounted \$22 per month. Returning the retirees to Fiscal Year 2007 levels with a virtual 100% plan should require an increase in premiums of \$22 per month for the retirees. However, the PEIA Finance Board recommended, for the remaining six months of Fiscal Year 2010, that no premium increase would be made to the Medicare retirees by approving expenditures from the Retiree Health Benefit Trust to cover the cost of this decision.

The PEIA Finance Board also approved eliminating the retiree subsidy for new employees hired on or after January 1, 2010. This action will gradually reduce, and ultimately eliminate, the OPEB liability of state for the next generation of public employees covered by PEIA.

Medicare retiree participants with questions regarding their plan may call toll-free 888-680-7342. Information will also be disseminated to affected retirees directly.